

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025

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 CHARTER SCHOOL NO. 4098
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 JUNE 30, 2025**

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INTRODUCTORY SECTION

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
BOARD OF DIRECTORS
JUNE 30, 2025**

SCHOOL BOARD

| <u>Name</u> | <u>Term Expires</u> | <u>Board Position</u> |
|--------------------|----------------------------|------------------------------|
| Suzanne McInroy | 6/30/2025 | Chair |
| Bavi Weston | 6/30/2026 | Vice Chair |
| Rebecca Lund | 6/30/2025 | Secretary |
| Todd Sample | 6/30/2026 | Treasurer |
| Colleen Hansen | 6/30/2025 | Member |
| Chris Shepard | 6/30/2027 | Member |
| Shannon Hooge | 6/30/2025 | Member |
| Heather Meeker | 6/30/2027 | Member |

BUILDING COMPANY BOARD

Christina Geer
Melissa Johnson
Jesse Prins
Duane Heidemann
Brian Lapham
Paula Roberto

ADMINISTRATION

| | |
|-------------------|------------------------|
| Dr. Brett Wedlund | Executive Director |
| Dr. Missy Johnson | Academic Director |
| Tamra Paschall | Upper School Principal |
| Carolyn Farrell | Lower School Principal |

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FINANCIAL SECTION



Thomas & Company, CPA, PA
Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nova Classical Academy
Charter School No. 4098
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Nova Classical Academy (the School) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Nova Classical Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Nova Classical Academy, as of June 30, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Food Service Fund and Community Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nova Classical Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nova Classical Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Member: American Institute of Certified Accountants & Florida State Board of Accountancy

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nova Classical Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nova Classical Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, TRA schedule of the school's proportionate share of the net pension liability, TRA schedule of school contributions, GERS schedule of the school's proportionate share of the net pension liability, and GERS schedule of school contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Required Supplementary Information (Continued)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nova Classical Academy's basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) compliance table is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information as identified in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Uniform Financial Accounting and Reporting Standards (UFARS) compliance table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2025, on our consideration of Nova Classical Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Nova Classical Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nova Classical Academy's internal control over financial reporting and compliance.

Thomas & Company, CPA, PA
Cooper City, Florida
November 21, 2025

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REQUIRED SUPPLEMENTARY INFORMATION

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

This section of Nova Classical Academy – Charter School No. 4098’s (the School) annual financial report presents our discussion and analysis of the School’s financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the School’s financial statements, which immediately follows this section. Certain comparative information between the current year (2024-2025) and the prior year (2023-2024) is required to be presented in the Management’s Discussion and Analysis.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-2025 fiscal year include the following:

- Total General Fund revenues were \$14,918,080 as compared to \$14,502,990 of expenditures.
- Total fund balance of the General Fund increased by \$328,052.
- As of June 30, 2025, the Food Service fund had a fund balance of \$0.
- As of June 30, 2025, the Community Service fund had a fund balance of \$433,980.
- Building Company revenues totaled \$1,735,693 as compared to expenditures of \$1,698,418. This resulted in a Building Company increase in fund balance of \$37,275 and an ending fund balance in the Building Company Fund of \$3,557,112 as of June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors’ Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are School-wide financial statements that provide both short-term and long-term information about the School’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School, reporting the School’s operations in more detail than the School-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

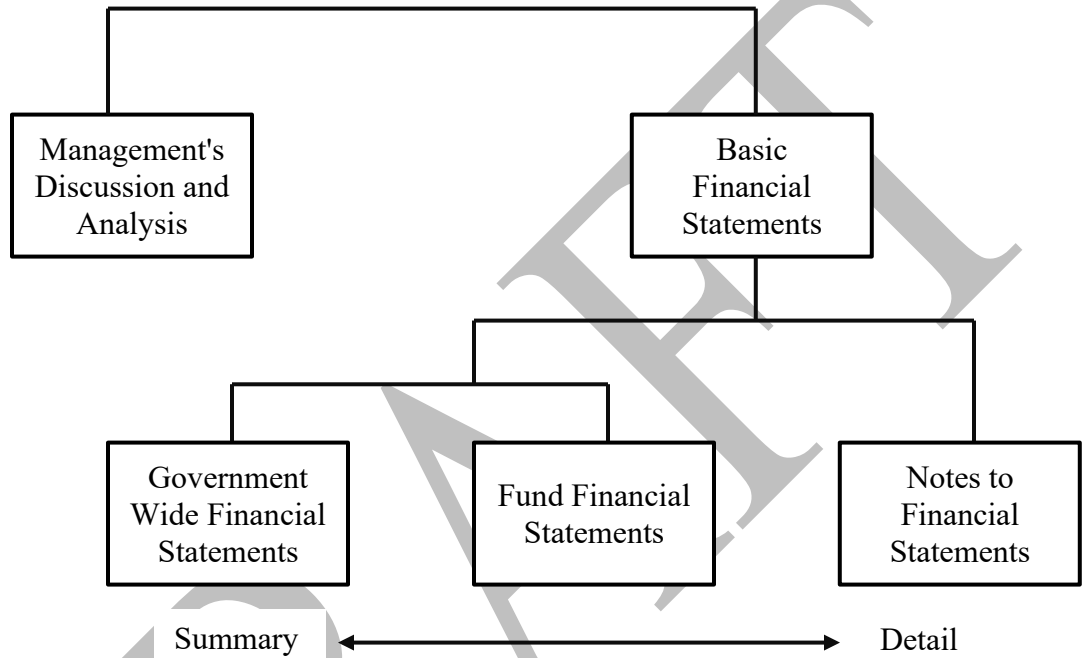
The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Annual Report Format**



**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The major features of the School's financial statements, including the portion of the School's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

| Fund Financial Statements | | |
|--|---|--|
| | Government-Wide Statements | Governmental Funds |
| Scope | Entire School | The activities of the school |
| Required financial statements | * Statement of Net Position * Statement of Activities | * Balance Sheet * Statement of Revenues, Expenditures and Changes in Fund Balances |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus. | Modified accrual accounting and current financial focus. |
| Type of assets/liability information | All assets and liabilities, both financial and capital, short-term and long-term. | Generally, the assets that are expected to be used up and the liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included. |
| Type of inflow/outflow information | All revenues and expenses during the year, regardless of when cash is received or paid. | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable. |

GOVERNMENT-WIDE STATEMENTS

The government-wide statements (Statement of Net Position and Statement of Activities) report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the School's assets, deferred outflows, liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's *net position* and how it has changed. Net position—the difference between the School's assets deferred outflows, liabilities and deferred inflows—is one way to measure the School's financial health or *position*.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE STATEMENTS (CONTINUED)

- Over time, increases or decreases in the School's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the School requires consideration of additional non-financial factors such as changes in the enrollment, the School's creditworthiness and the condition of School buildings and other facilities.

In the government-wide financial statements the School's activities are shown in one category:

- *Governmental Activities* – The School's basic services are included here, such as regular and special education and administration. State aids finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the School's *funds*, focusing on its most significant or "major" funds, not the School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The School may establish other funds to control and manage money.

The School maintains the following type of fund:

Governmental Funds – Most of the School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the entity-wide statements, we provide separate reconciliations to explain the relationship (or differences) between them.

The School uses or may use the following types of Governmental Funds:

- General Fund - is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- Special Revenue Funds – account for specific revenue, such as federal grants, that is legally restricted to expenditures for particular purposes.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The School's combined net position was \$1,576,626 on June 30, 2025 (see Table A-1).

**Table A-1
The School's Net Position**

| | Governmental Activities | | Percentage Change |
|--|--------------------------------|----------------------|------------------------------|
| | as of June 30, | | |
| | 2025 | 2024 | |
| Assets | | | |
| Current Assets | \$ 11,531,385 | \$ 11,774,626 | -2.07% |
| Capital Assets, Net | 15,796,785 | 15,795,418 | 0.01% |
| Total Assets | 27,328,170 | 27,570,044 | -0.88% |
| Deferred Outflows of Resources | 4,114,681 | 3,943,518 | 4.34% |
| Total Assets and Deferred Outflows of Resources | 31,442,851 | 31,513,562 | -0.22% |
| Liabilities | | | |
| Current Liabilities | 802,115 | 1,509,048 | -46.85% |
| Net Pension Liability | 6,133,567 | 7,015,986 | -12.58% |
| Long-Term Liabilities, Including Due Within One Year | 20,522,907 | 20,870,595 | -1.67% |
| Total Liabilities | 27,458,589 | 29,395,629 | -6.59% |
| Deferred Inflows of Resources | 2,407,636 | 1,159,334 | 107.67% |
| Net Position | | | |
| Net Investment in Capital Assets | (94,082) | (28,673) | -228.12% |
| Restricted | 3,991,092 | 339,190 | -1076.65% |
| Unrestricted | (2,320,384) | 648,082 | 458.04% |
| Total Net Position | 1,576,626 | 958,599 | -64.47% |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 31,442,851 | \$ 31,513,562 | -0.22% |

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Changes in Net Position

The school's total government-wide revenues were \$15,909,676 for the year ended June 30, 2025 (See Table A-2). State formula aid accounted for 58% of total revenue for the year. The remaining 42% came from operating grants, charges for services and other general and program revenues.

**Table A-2
Changes in Net Position**

| | Governmental Activities for the Year Ended June 30, | | Percentage Change |
|--|--|-------------------|------------------------------|
| | 2025 | 2024 | |
| Revenues | | | |
| Program Revenues: | | | |
| Operating Grants and Contributions | \$ 5,492,412 | \$ 5,164,799 | 6.34% |
| Charges for Services | 480,988 | 455,036 | 5.70% |
| General Revenues: | | | |
| State Aid Grants | 9,223,744 | 8,827,900 | 4.48% |
| Other General Revenues | 323,991 | 1,087,540 | -70.21% |
| Investment Income | 388,541 | 444,879 | -12.66% |
| Total Revenues | 15,909,676 | 15,980,154 | -0.44% |
| Expenses | | | |
| Administration | 716,498 | 694,277 | 3.20% |
| District Support Services | 1,022,863 | 1,309,522 | -21.89% |
| Regular Instruction | 6,169,805 | 5,886,154 | 4.82% |
| Special Education Instruction | 3,282,997 | 2,758,236 | 19.03% |
| Instructional Support Services | 173,808 | 249,987 | -30.47% |
| Pupil Support Services | 693,161 | 723,033 | -4.13% |
| Sites and Buildings | 1,270,751 | 864,851 | 46.93% |
| Food Service | 740,167 | 672,707 | 10.03% |
| Community Education and Services | 103,263 | 67,500 | 52.98% |
| Fiscal and Other Fixed Cost Programs | 95,673 | 84,253 | 13.55% |
| Interest and Fiscal Charges on Long-term Liabilities | 1,022,663 | 1,038,502 | -1.53% |
| Total Expenses | 15,291,649 | 14,349,022 | 6.57% |
| Change in Net Position | 618,027 | 1,631,132 | |
| Net Position - Beginning of the year | 958,599 | (672,533) | |
| Net Position – Ending | \$ 1,576,626 | \$ 958,599 | |

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

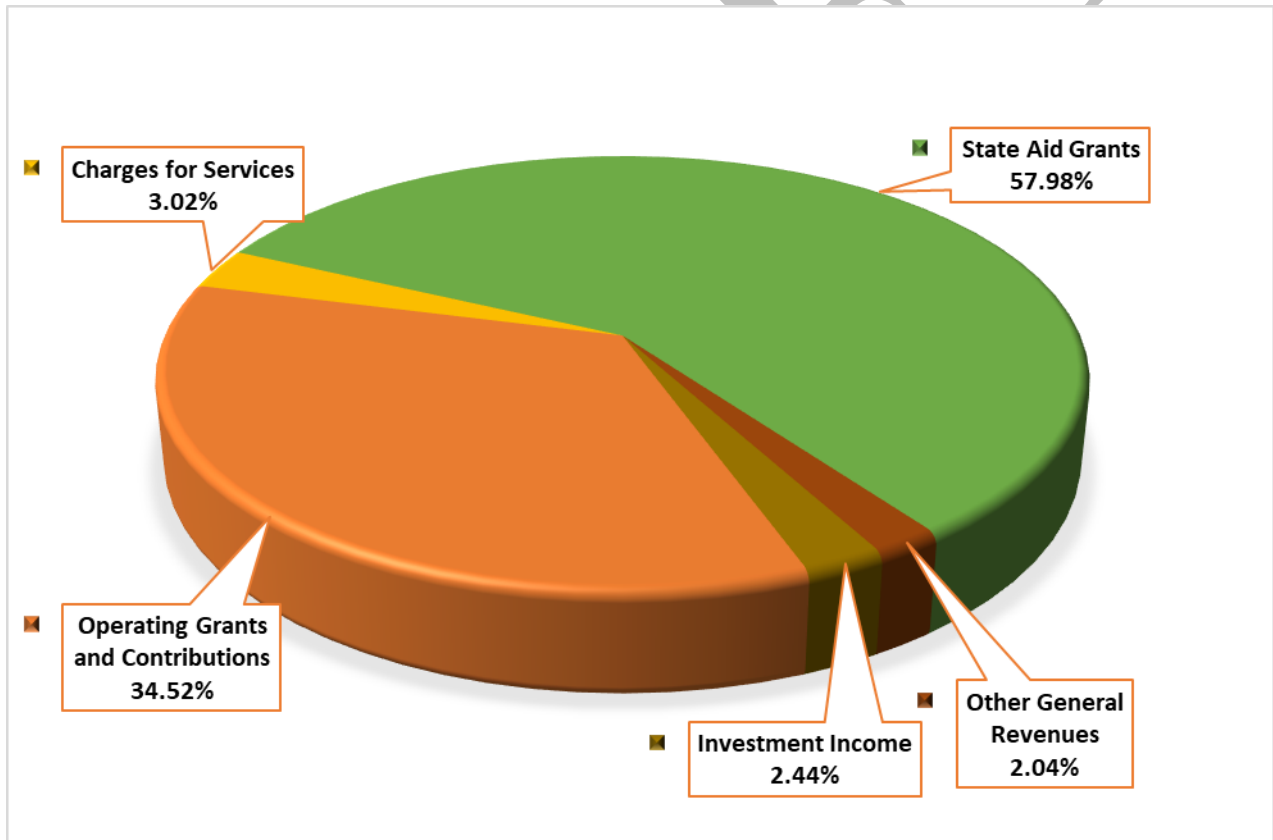
FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Total revenues exceeded expenses, increasing the net position by \$618,027. Revenues decreased and expenses increased over the previous year.

The cost of all governmental activities this year was \$15,291,649:

- Some of the cost was paid by the users of the School's programs (\$480,988).
- The state and federal government subsidized certain programs with grants and contributions (\$5,492,412).
- Most of the School's costs were paid for by unrestricted state aid, investment income and other general revenue (\$9,936,276).

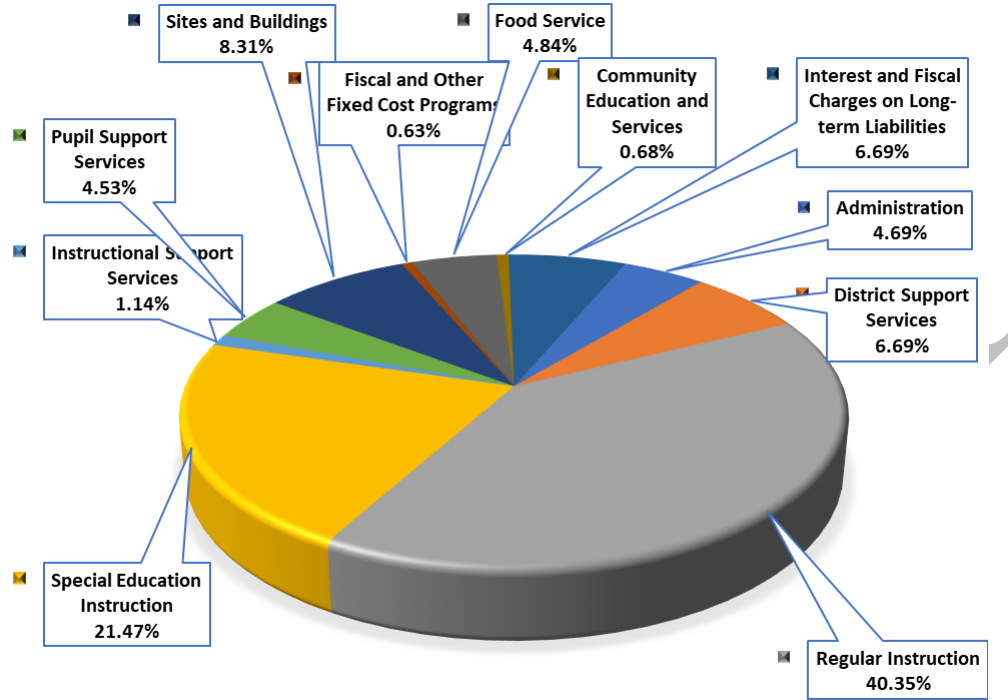
**Figure A-2
Sources of School's Revenues for Fiscal Year 2025**



**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

**Figure A-3
School Expenses for Fiscal Year 2025**



**Table A-3
Program Expenses and Net Cost of Services for Fiscal Year 2025**

| | Total Cost of Services | | Percentage Change | Net Cost of Services | | Percentage Change |
|--|------------------------|----------------------|-------------------|----------------------|--------------------|-------------------|
| | 2025 | 2024 | | 2025 | 2024 | |
| Administration | \$ 716,498 | \$ 694,277 | 3.20% | \$ 716,498 | \$ 690,928 | 3.70% |
| District Support Services | 1,022,863 | 1,309,522 | -21.89% | 1,022,763 | 1,033,676 | -1.06% |
| Regular Instruction | 6,169,805 | 5,886,154 | 4.82% | 5,830,094 | 5,576,857 | 4.54% |
| Special Education Instruction | 3,282,997 | 2,758,236 | 19.03% | 386,972 | 89,870 | 330.59% |
| Instructional Support Services | 173,808 | 249,987 | -30.47% | (106,275) | 230,954 | -146.02% |
| Pupil Support Services | 693,161 | 723,033 | -4.13% | 685,645 | 703,478 | -2.53% |
| Sites and Buildings | 1,270,751 | 864,851 | 46.93% | (320,963) | 296,844 | -208.13% |
| Food Service | 740,167 | 672,707 | 10.03% | 83,607 | 142,458 | -41.31% |
| Community Education and Services | 103,263 | 67,500 | 52.98% | (98,428) | (120,131) | -18.07% |
| Fiscal and Other Fixed Cost Programs | 95,673 | 84,253 | 13.55% | 95,673 | 84,253 | 13.55% |
| Interest and Fiscal Charges on Long-term Liabilities | 1,022,663 | 1,038,502 | -1.53% | 1,022,663 | - | - |
| Total | \$ 15,291,649 | \$ 14,349,022 | | \$9,318,249 | \$8,729,187 | |

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

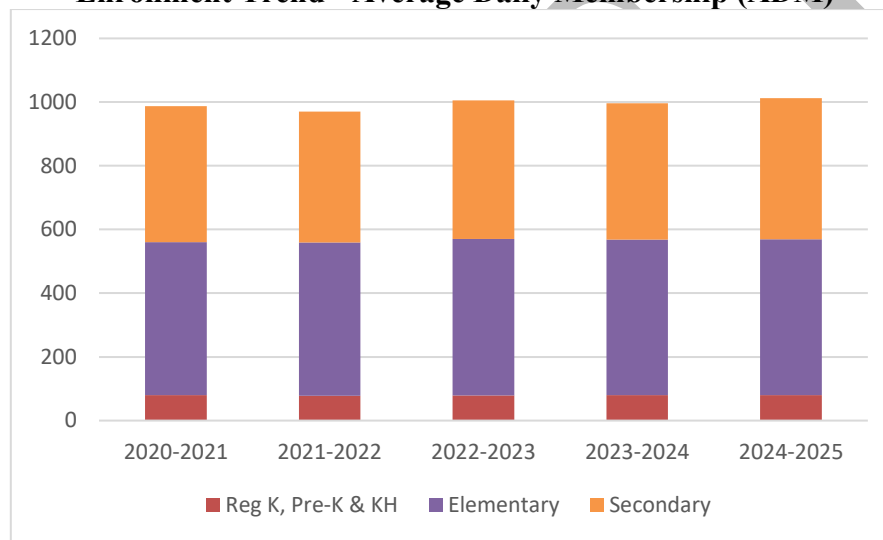
FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The financial performance of the School is reflected in its government funds. Revenues for the School's governmental funds were \$17,512,024 while total expenditures were \$17,051,907. This contributed to a combined fund balance of \$10,999,789 which is \$460,117 higher than last year's ending fund balance of \$10,539,672.

ENROLLMENT

The following chart shows that the number of students has increased by approximately 16 ADM from the previous year.

**Figure A-4
Enrollment Trend - Average Daily Membership (ADM)**



Enrollment is a critical factor in determining revenue with approximately 92% of General Fund revenue being determined by enrollment. It is hoped that the School will maintain a steady enrollment. All staff members need to assume an active role in retention and recruitment efforts. The School will continue to pursue creative and thoughtful marketing strategies to encourage families to consider the School as the option of choice. The School's average enrollment in 2024-2025 was 1,012 students compared to 996 in the prior year.

GENERAL FUND

The General Fund includes the primary operations of the School in providing educational services to students from Kindergarten through Grade 12. significant portion of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local School board having no meaningful authority to determine the level of resources. This revenue resource includes general education aid, lease aid and special education aid. Total General Fund revenue decreased by \$280,694, or 1.85% from the previous year. Basic general education revenue is determined by multiple complex state formulas, largely enrollment driven, and consists of a specified minimum amount with variables such as socioeconomic indicators driving additional funding.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

For Minnesota charter schools most of the funding consists of general education aid, special education aid and pupil support services. Other revenue consists of federal and private grant funding that is often expenditure driven. The following schedule presents a summary of General Fund Revenues.

**Table A-4
General Fund Revenues**

| | Year Ended June 30, | | Change | |
|-----------------------------------|----------------------|----------------------|------------------------|----------------------|
| | 2025 | 2024 | Increase (Decrease) | Percentage Change |
| Federal Sources | \$ 397,233 | \$ 550,374 | \$ (153,141) | -27.82% |
| State Sources | 13,673,969 | 12,978,434 | 695,535 | 5.36% |
| Local Sources: | | | | |
| Other | 846,878 | 1,669,966 | (823,088) | -49.29% |
| Total General Fund Revenue | \$ 14,918,080 | \$ 15,198,774 | \$ (280,694) | -1.85% |

Total General Fund Expenditures decreased by \$338,073 or 2.28% from the previous year. Salaries (52%) and purchased services (18%) made up 70% of all the expenditures incurred. The following schedule presents a summary of General Fund Expenditures.

**Table A-5
General Fund Expenditures**

| | Year Ended June 30, | | Change | |
|--|----------------------|----------------------|------------------------|----------------------|
| | 2025 | 2024 | Increase (Decrease) | Percentage Change |
| Salaries and Wages | \$ 7,554,109 | \$ 7,852,264 | \$ (298,155) | -3.80% |
| Employee Benefits | 1,948,831 | 1,868,901 | 79,930 | 4.28% |
| Purchased Service | 2,677,349 | 4,404,251 | (1,726,902) | -39.21% |
| Supplies and Materials | 545,703 | 503,220 | 42,483 | 8.44% |
| Capital Expenditures | 1,722,785 | 112,502 | 1,610,283 | 1431.34% |
| Other Expenditures | 54,213 | 99,925 | (45,712) | -45.75% |
| Total General Fund Expenditures | \$ 14,502,990 | \$ 14,841,063 | \$ (338,073) | -2.28% |

Ending fund balance of the General Fund is the single best measure of overall financial health. The total fund balance of \$7,008,697 on June 30, 2025 represents 48.33% of annual expenditures. As a full K-12 program, the School continues its commitment to maintain a strong fund balance.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget is approved prior to the beginning of the fiscal year. The school then may revise the annual operating budget in the fall and then again mid-year. These budget amendments fall into two main categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.
- Legislation passes after budget adoption; changes necessitated by employment agreements and increases in appropriations for significant unbudgeted costs.

Actual revenues were higher than budgeted with a variance of \$193,598 or 1.31%. Actual expenditures were also higher than budgeted with a variance of \$28,187 or 0.19%. The major increase is in regular instruction expenditure.

OTHER MAJOR FUNDS

In the Building Company Fund, revenues exceeded expenditures by \$37,275, resulting in an ending fund balance of \$3,557,112. In the Food Service Fund, expenditures exceeded revenues by \$87,148, and the fund ended the year with a fund balance of \$0 as of June 30, 2025, after receiving a transfer in the amount of \$87,038 from the general fund. In the Community Service Fund, revenues exceeded expenditures by \$94,900, and the fund ended the year with a fund balance of \$433,980 as of June 30, 2025.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

**Table A-6
Capital Assets**

| | 2025 | 2024 |
|---|----------------------|----------------------|
| Building Company: | | |
| Land | \$ 4,056,522 | \$ 4,056,522 |
| Land Improvements | 661,437 | 661,437 |
| Buildings and Improvements | 13,882,459 | 13,882,459 |
| Furniture and Equipment | 21,708 | 21,708 |
| Construction Work In Progress | 316,525 | - |
| Nova Classical Academy: | | |
| Right-to-use Assets | 50,092 | 50,092 |
| Furniture and Equipment | 1,455,362 | 1,353,872 |
| Less: Accumulated Depreciation and Amortization | (4,647,320) | (4,230,672) |
| Total Capital and Right-to-use Assets | \$ 15,796,785 | \$ 15,795,418 |

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Capital Assets Investment in capital assets increased in 2025 from \$20,026,090 to \$20,444,105 before factoring accumulated depreciation/amortization. More detailed information about capital assets is presented in Note 3 to the financial statements. Depreciation/amortization for the 2024-2025 school year was \$416,648.

Long-Term Liabilities

At year-end, Friends of Nova Classical Academy, a blended component unit of the School, had a net of \$20,318,910 in charter school lease revenue bonds. The School had lease liability of \$33,202 and compensated absences payable of \$170,795. The School also recorded a net pension liability of \$6,133,567, representing the school proportionate share of the unfunded liabilities for the two statewide pension plans in which it participates (TRA and PERA). More detailed information about long-term liabilities can be found in Note 4 to Note 6 to the financial statements.

**Table A-7
Long-term Liabilities**

| | 2025 | 2024 | Percentage Change |
|------------------------------------|----------------------|----------------------|------------------------------|
| Bond Payable | \$ 20,385,000 | \$ 20,880,000 | -2.37% |
| Net Bond Discount | (167,905) | (178,688) | -6.03% |
| Net Bond Premium | 101,815 | 127,640 | -20.23% |
| Lease Liability | 33,202 | 41,643 | -20.27% |
| Compensated Absences Payable | 170,795 | - | - |
| Net Pension Liability | 6,133,567 | 7,015,986 | -12.58% |
| Total Long-Term Liabilities | 26,656,474 | 27,886,581 | -4.41% |
| Long-Term Liabilities: | | | |
| Due Within One Year | 533,124 | 503,441 | 5.90% |
| Due in More Than One Year | 26,123,350 | 27,383,140 | -4.60% |
| Total Long-Term Liabilities | \$ 26,656,474 | \$ 27,886,581 | -4.41% |

FACTORS BEARING ON THE SCHOOL'S FUTURE

The School is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. The Legislature provided for little change in the basic per pupil unit funding during recent fiscal years. The School will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. It is anticipated that enrollment growth will continue at a slow rate. If state funding formulas are not sufficient to continue current instructional program scenarios, staffing or enrollment adjustments will be made to match resources to balance future budgets.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nova Classical Academy, 1455 Victoria Way, St. Paul, MN 55102.

DRAFT

DRAFT

BASIC FINANCIAL STATEMENTS

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025**

| | Governmental Activities |
|--|------------------------------------|
| Assets | |
| Cash and Investments | \$ 5,849,250 |
| Cash and Investments with Fiscal Agent | 3,366,905 |
| Due from Minnesota Department of Education | 1,844,732 |
| Due from Federal Government through the Minnesota Department of Education | 348,198 |
| Other Accounts Receivable | 7,569 |
| Prepaid Expenditures and Deposits | 114,731 |
| Land | 4,056,522 |
| Capital Assets Being Depreciated or Amortized (Net) | 11,740,263 |
| Total Assets | 27,328,170 |
| Deferred Outflows of Resources | |
| Deferred Outflows - Pension Payments | 2,749,822 |
| Deferred Outflows - Loss on Refunding of Debt | 1,364,859 |
| Total Deferred Outflows of Resources | 4,114,681 |
| Total Assets and Deferred Outflows of Resources | 31,442,851 |
| Liabilities | |
| Salaries and Wages Payable | 16,768 |
| Payroll Deductions and Employer Contributions | 18,645 |
| Accounts and Contracts Payable | 464,515 |
| Unearned Revenue | 31,668 |
| Accrued Interest Payable | 270,519 |
| Long-Term Liabilities: | |
| Net Pension Liability | 6,133,567 |
| Compensated Absences Payable | 170,795 |
| Other Long-Term Liabilities - Due within One Year | 533,124 |
| Other Long-Term Liabilities - Due in more than One Year | 19,818,988 |
| Total Liabilities | 27,458,589 |
| Deferred Inflows of Resources | |
| Deferred Inflows - Pension Payments | 2,407,636 |
| Net Position | |
| Net Investment in Capital Assets | (94,082) |
| Restricted | 3,991,092 |
| Unrestricted | (2,320,384) |
| Total Net Position | 1,576,626 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 31,442,851 |

The accompanying notes are an integral part of these financial statements.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

| Functions | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Governmental Activities |
| Governmental Activities | | | | | |
| Administration | \$ 716,498 | \$ - | \$ - | \$ - | \$ (716,498) |
| District Support Services | 1,022,863 | 100 | - | - | (1,022,763) |
| Regular Instruction | 6,169,805 | 255,255 | 84,456 | - | (5,830,094) |
| Special Education Instruction | 3,282,997 | - | 2,896,025 | - | (386,972) |
| Community Education and Services | 103,263 | 201,397 | 294 | - | 98,428 |
| Instructional Support Services | 173,808 | - | 280,083 | - | 106,275 |
| Pupil Support Services | 693,161 | 7,516 | - | - | (685,645) |
| Sites and Buildings | 1,270,751 | - | 1,591,714 | - | 320,963 |
| Food Service | 740,167 | 16,720 | 639,840 | - | (83,607) |
| Fiscal and Other Fixed-Cost Programs | 95,673 | - | - | - | (95,673) |
| Interest and Fiscal Charges on Long-term Liabilities | 1,022,663 | - | - | - | (1,022,663) |
| Total Governmental Activities | \$ 15,291,649 | \$ 480,988 | \$ 5,492,412 | \$ - | (9,318,249) |
| General Revenues | | | | | |
| State Aid Grants | | | | | 9,223,744 |
| Other General Revenues | | | | | 323,991 |
| Investment Income | | | | | 388,541 |
| Total General Revenues | | | | | 9,936,276 |
| Change in Net Position | | | | | |
| Net Position - Beginning of the year | | | | | 958,599 |
| Net Position - Ending | | | | | \$ 1,576,626 |

The accompanying notes are an integral part of these financial statements.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2025**

| | Major Funds | | | | Total Governmental Funds |
|--|--------------------|----------------------|---------------------------|--------------------------|--------------------------------|
| | General Fund | Food Service Fund | Community Service Fund | Building Company Fund | |
| Assets | | | | | |
| Cash and Investments | \$4,947,732 | \$ - | \$ 466,489 | \$ 435,029 | \$ 5,849,250 |
| Cash and Investments with Fiscal Agent | - | - | - | 3,366,905 | 3,366,905 |
| Due from Minnesota Department of Education | 1,838,531 | 6,201 | - | - | 1,844,732 |
| Due from Federal Government through the Minnesota Department of Education | 300,590 | 47,608 | - | - | 348,198 |
| Other Accounts Receivable | 7,569 | - | - | - | 7,569 |
| Prepaid Expenditures and Deposits | 114,731 | - | - | - | 114,731 |
| Due from Other Funds | 287,096 | - | - | - | 287,096 |
| Total Assets | 7,496,249 | 53,809 | 466,489 | 3,801,934 | 11,818,481 |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Salaries and Wages Payable | 15,339 | 588 | 841 | - | 16,768 |
| Payroll Deductions and Employer Contributions | 18,645 | - | - | - | 18,645 |
| Accounts and Contracts Payable | 453,568 | 10,947 | - | - | 464,515 |
| Unearned Revenue | - | - | 31,668 | - | 31,668 |
| Due to Other Funds | - | 42,274 | - | 244,822 | 287,096 |
| Total Liabilities | 487,552 | 53,809 | 32,509 | 244,822 | 818,692 |
| Fund Balances (Deficit) | | | | | |
| Nonspendable: | | | | | |
| Prepays | 114,731 | - | - | - | 114,731 |
| Restricted: | | | | | |
| Community Service | - | - | 433,980 | - | 433,980 |
| Building Company Debt Service | - | - | - | 3,557,112 | 3,557,112 |
| Unassigned | 6,893,966 | - | - | - | 6,893,966 |
| Total Fund Balances (Deficit) | 7,008,697 | - | 433,980 | 3,557,112 | 10,999,789 |
| Total Liabilities and Fund Balances (Deficit) | \$7,496,249 | \$ 53,809 | \$ 466,489 | \$ 3,801,934 | \$ 11,818,481 |

The accompanying notes are an integral part of these financial statements.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2025**

| | |
|--|----------------------|
| Total Fund Balances – Governmental Funds | \$ 10,999,789 |
| Total net position reported for governmental activities in the statement of net position is different because: | |
| Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. | |
| Capital Assets, Net of Accumulated Depreciation and Amortization | 11,740,263 |
| Land | 4,056,522 |
| Interest on long-term debt is not accrued in governmental funds, but rather is recognised as an expenditure when due | |
| | (270,519) |
| The School's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are: | |
| Net Pension Liability | (6,133,567) |
| Deferred Inflows of Resources - Pensions | (2,407,636) |
| Deferred Outflows of Resources - Pensions | 2,749,822 |
| Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. | |
| Balances at year-end are: | |
| Compensated Absences Payable | (170,795) |
| Bond Payable | (20,352,112) |
| Deferred Outflows - Loss on Refunding of Debt | 1,364,859 |
| Total Net Position – Governmental Activities | \$ 1,576,626 |

The accompanying notes are an integral part of these financial statements.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

| | Major Funds | | | | Total Governmental Funds |
|---|---------------------|----------------------|---------------------------|-----------------------------|--------------------------------|
| | General Fund | Food Service Fund | Community Service Fund | Building Company Fund | |
| Revenue | | | | | |
| Federal Sources | \$ 397,233 | \$ 246,909 | \$ - | \$ - | \$ 644,142 |
| State Sources | 13,673,969 | 392,931 | 294 | - | 14,067,194 |
| Local Sources: | | | | | |
| Other | 846,878 | 16,720 | 201,397 | 1,735,693 | 2,800,688 |
| Total Revenue | 14,918,080 | 656,560 | 201,691 | 1,735,693 | 17,512,024 |
| Expenditures | | | | | |
| Current: | | | | | |
| Administration | 712,724 | - | - | - | 712,724 |
| District Support Services | 1,013,205 | - | - | - | 1,013,205 |
| Regular Instruction | 5,967,890 | - | - | - | 5,967,890 |
| Special Education Instruction | 3,313,292 | - | - | - | 3,313,292 |
| Community Education and Services | - | - | 106,791 | - | 106,791 |
| Instructional Support Services | 172,692 | - | - | - | 172,692 |
| Pupil Support Services | 694,720 | - | - | - | 694,720 |
| Sites and Buildings | 2,417,177 | - | - | 69,974 | 2,487,151 |
| Food Service | - | 743,708 | - | - | 743,708 |
| Fiscal and Other Fixed-Cost Programs | 95,673 | - | - | - | 95,673 |
| Capital Outlay | | | | | |
| Regular Instruction | 42,000 | - | - | - | 42,000 |
| District Support Services | 59,490 | - | - | - | 59,490 |
| Sites and Buildings | - | - | - | 316,525 | 316,525 |
| Debt Service : | | | | | |
| Principal | 8,441 | - | - | 495,000 | 503,441 |
| Interest | 5,686 | - | - | 816,919 | 822,605 |
| Total Expenditures | 14,502,990 | 743,708 | 106,791 | 1,698,418 | 17,051,907 |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | 415,090 | (87,148) | 94,900 | 37,275 | 460,117 |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | - | 87,038 | - | - | 87,038 |
| Transfers (Out) | (87,038) | - | - | - | (87,038) |
| Total Other Financing Sources (Uses) | (87,038) | 87,038 | - | - | - |
| Net Change in Fund Balances | 328,052 | (110) | 94,900 | 37,275 | 460,117 |
| Fund Balances (Deficit) - Beginning of the year | 6,680,645 | 110 | 339,080 | 3,519,837 | 10,539,672 |
| Fund Balances (Deficit) - End of the year | \$ 7,008,697 | \$ - | \$ 433,980 | \$ 3,557,112 | \$ 10,999,789 |

The accompanying notes are an integral part of these financial statements.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances – Governmental Funds **\$ 460,117**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

| | |
|---------------------------------------|-----------|
| Capital Outlays | 418,015 |
| Depreciation and Amortization Expense | (416,648) |

The governmental funds report debt issuances as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds, loans, and related items is as follows:

| | |
|---|-----------|
| Change in Accrued Interest - General Obligation Bonds | 3,575 |
| Amortization of Deferred Charges on Refunding Bonds | (224,361) |
| Repayment of Lease Liability | 8,441 |
| Amortization of Bond Premium | 25,825 |
| Amortization of Bond Discount | (10,783) |
| Repayment of Bond Principal | 495,000 |

Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.

| | |
|---|-------------------|
| Pension Expense | (141,154) |
| Change in Net Position – Governmental Activities | \$ 618,027 |

The accompanying notes are an integral part of these financial statements.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Over (Under) Final Budget</u> |
|---|----------------------------|-------------------------|---------------------------|--------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Revenue | | | | |
| Federal Sources | \$ 208,365 | \$ 264,186 | \$ 397,233 | \$ 133,047 |
| State Sources | 13,172,457 | 13,719,883 | 13,673,969 | (45,914) |
| Local Sources: | | | | |
| Other | 553,302 | 740,413 | 846,878 | 106,465 |
| Total Revenue | 13,934,124 | 14,724,482 | 14,918,080 | 193,598 |
| Expenditures | | | | |
| Current: | | | | |
| Administration | 668,399 | 708,275 | 712,724 | (4,449) |
| District Support Services | 974,330 | 1,060,391 | 1,013,205 | 47,186 |
| Regular Instruction | 5,631,530 | 5,726,908 | 5,967,890 | (240,982) |
| Special Education Instruction | 2,951,536 | 3,395,859 | 3,313,292 | 82,567 |
| Instructional Support Services | 247,473 | 210,511 | 172,692 | 37,819 |
| Pupil Support Services | 718,549 | 759,343 | 694,720 | 64,623 |
| Sites and Buildings | 2,296,211 | 2,393,341 | 2,417,177 | (23,836) |
| Fiscal and Other Fixed-Cost Programs | 70,000 | 70,000 | 95,673 | (25,673) |
| Capital Outlay | - | 95,175 | 101,490 | (6,315) |
| Debt Service | 55,000 | 55,000 | 14,127 | 40,873 |
| Total Expenditures | 13,613,029 | 14,474,803 | 14,502,990 | (28,187) |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | 321,096 | 249,679 | 415,090 | 165,411 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (76,969) | (120,000) | (87,038) | 32,962 |
| Total Other Financing Sources (Uses) | (76,969) | (120,000) | (87,038) | 32,962 |
| Net Change in Fund Balances | \$ 244,127 | \$ 129,679 | \$ 328,052 | \$ 198,373 |

The accompanying notes are an integral part of these financial statements.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Over (Under) Final Budget</u> |
|---|----------------------------|-------------------------|---------------------------|--------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Revenue | | | | |
| Federal Sources | \$ 165,900 | \$ 168,900 | \$ 246,909 | \$ 78,009 |
| State Sources | 327,800 | 327,800 | 392,931 | 65,131 |
| Local Sources: | | | | |
| Other | 15,000 | 15,000 | 16,720 | 1,720 |
| Total Revenue | 508,700 | 511,700 | 656,560 | 143,140 |
| Expenditures | | | | |
| Current: | | | | |
| Food Service | 585,668 | 631,700 | 743,708 | (112,008) |
| Total Expenditures | 585,668 | 631,700 | 743,708 | (112,008) |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | (76,968) | (120,000) | (87,148) | 32,852 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 76,969 | 120,000 | 87,038 | 32,962 |
| Total Other Financing Sources (Uses) | 76,969 | 120,000 | 87,038 | 32,962 |
| Net Change in Fund Balances | \$ 1 | \$ - | \$ (110) | \$ 110 |

The accompanying notes are an integral part of these financial statements.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Over (Under) Final Budget</u> |
|---|----------------------------|-------------------------|---------------------------|--------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Revenue | | | | |
| State Sources | \$ - | \$ - | \$ 294 | \$ 294 |
| Local Sources: | | | | |
| Other | 150,000 | 167,413 | 201,397 | 33,984 |
| Total Revenue | <u>150,000</u> | <u>167,413</u> | <u>201,691</u> | <u>34,278</u> |
| Expenditures | | | | |
| Current: | | | | |
| Community Education and Services | 124,894 | 167,413 | 106,791 | 60,622 |
| Total Expenditures | <u>124,894</u> | <u>167,413</u> | <u>106,791</u> | <u>60,622</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>25,106</u> | <u>-</u> | <u>94,900</u> | <u>(26,344)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | <u>\$ 25,106</u> | <u>\$ -</u> | <u>\$ 94,900</u> | <u>\$ 94,900</u> |

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Nova Classical Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

Nova Classical Academy (the School) is a charter school established in November 2001 in accordance with Minnesota Statute §124D.10. The Board is responsible for legislative and fiscal control of the School. A Director is appointed by the Board and is responsible for administrative control of the School. The School is authorized by Friends of Education (the Authorizer), a Minnesota nonprofit corporation, and operates under a charter agreement extending through June 30, 2027.

The mission of the School is in a supportive community and through a systematic, accelerated college-preparatory education in the classical tradition, Nova Classical Academy challenges its students to develop intellect, to attain the habits of learning and mastery, and to live a virtuous life of duty and ideals.

The School's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the School is considered to be financially accountable.

Component units are legally separate entities for which the School (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally depended upon by the potential component unit.

Based on these criteria, there is one organization that is considered to be a component unit of the School. Friends of Nova Classical Academy (the Building Company) is a Minnesota nonprofit corporation holding Internal Revenue Service (IRS) classification as a 501(c)(3) tax-exempt organization which owns the real estate and building that is leased by the School for its operations. The Building Company is governed by a separate board appointed by the Board of the School. Although it is legally separate from the School, the Building Company is reported as if it were part of the School (as a blended component unit) because its sole purpose is to acquire, construct, and own the educational site. No separate financial statements of the Building Company are issued.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Continued)

Aside from its authorizer role, Friends of Education has no authority, control, power, or administrative responsibilities over Nova Classical Academy. Therefore, the School is not considered a component unit of Friends of Education.

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, student activity accounts are included in the School's basic financial statements as part of the General Fund.

C. Basic Financial Statement Presentation

The School-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the School.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The School applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation/amortization expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt, if any, is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material Interfund activity has been removed from the School-wide financial statements.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The School-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other miscellaneous revenue, including food service sales, (except Investment Earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

As required by state statute, the School operates as a nonprofit corporation under Minnesota Statutes §317A. However, state law also requires that the School comply with Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS) which mandates the use of a governmental fund accounting structure. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the School, as well as the capital related activities such as maintenance of facilities and equipment purchases.

Building Company Special Revenue Fund

This Special Revenue Fund accounts for all activities of the Friends of Nova Classical Academy Building Company including the proceeds and uses of resources received to own an educational site for the School. Primary sources of revenue in the building company are from rent received and interest earnings.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Primary sources of revenue in the Food Service Fund are from meal sales and state and federal aids.

Community Service Special Revenue Fund

The Community Service Fund is used to account for activities of the Scholar Zone, the School's before and after school program. Primary sources of revenue in the Community Service Fund are from user fees.

E. Income Taxes

The School is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable sections of the Minnesota income tax statutes.

F. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each May, the School Board adopts an annual budget for the following fiscal year for the General Fund, the Food Service Special Revenue Fund, and Community Service Special Revenue Fund. A budget for the Friends of Nova Classical Academy Building Company was not adopted for fiscal year 2025. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Administrative Director submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be and are approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line-item levels.

Budgeted amounts include a mid-year budget amendment that changed revenue and expenditure budgets as follows:

| | Original Budget | Amendments | Amended Budget |
|------------------------|----------------------------|-------------------|---------------------------|
| Revenues: | | | |
| General Fund | \$ 13,934,124 | \$ 790,358 | \$ 14,724,482 |
| Special Revenue Funds: | | | |
| Food Service Fund | 508,700 | 3,000 | 511,700 |
| Community Service Fund | 150,000 | 17,413 | 167,413 |
| Expenditures: | | | |
| General Fund | 13,613,029 | 861,774 | 14,474,803 |
| Special Revenue Funds: | | | |
| Food Service Fund | 585,668 | 46,032 | 631,700 |
| Community Service Fund | \$ 124,894 | \$ 42,519 | \$ 167,413 |

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota schools, which excludes certain restricted amounts specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deposits and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Building Company fund, the bond escrow account held by trustee can only be used for capital purposes related to the construction of the school building, for the repair and replacement needs of the educational site or to make payments on the outstanding bonds. Interest earned on these investments is allocated directly to the escrow account.

Minnesota Statutes requires all deposits be protected by federal deposit insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Minnesota Statutes authorizes the Charter School to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

I. Accounts Receivable

Accounts receivable represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the School. No substantial losses are anticipated from present receivable balances. Therefore, no allowance for uncollectible accounts is deemed necessary.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditure) until then. The School has two items that qualifies for reporting in this category : one related to pensions and one related to deferred amounts from the refunding of bonds. A deferred outflow relating to pension activity is recorded for various estimate differences that will be amortized and recognized over future years.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of a net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School has one type of item which qualifies for reporting in this category. A deferred inflow of resources relating to pensions is recorded on the government wide statements for various estimate differences that will be amortized and recognized over future years.

L. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The School maintains a threshold level of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the School, no salvage value is taken into consideration for depreciation/amortization purposes. Useful lives vary from 5 to 20 years for equipment and 20 to 40 years for buildings and building improvements.

The School does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Useful lives vary depending upon the underlying leased assets and follow the School's policies of related depreciable assets.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Premiums and discounts are capitalized and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Leases

The School determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position. Lease assets represent the School's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction.

Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the School's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the net present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association in 2015.

P. Compensated Absences

The school provides PTO to employees working 32+ hours per week (FTE 0.8+), which can be used for vacation, personal needs, or medical reasons, while employees working fewer hours earn Earned Sick and Safe Time (ESST) instead. PTO accrues each pay period based on employee role and, for administration, years of service, cannot be used before it is earned, and may not be taken to a negative balance. Requests should be made at least two weeks in advance and are subject to staffing needs, substitute availability, and supervisor approval.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Compensated Absences (Continued)

Up to 80 hours of PTO may be carried over annually, with options for limited payout or carryover available to Licensed Instructional and Educational Support staff; excess hours are forfeited. PTO is generally not paid out at termination except for qualifying staff who complete their duty year. ESST accrues at one hour per 30 hours worked (up to 48 hours per year, with 80-hour carryover), is available for health- and safety-related absences for employees and qualifying family members, cannot be used in advance, and is not paid out at termination. Time off—PTO or ESST—may be limited during peak school periods, must be approved, and may require documentation for illness.

Q. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

In accordance with the provisions of GASB Statement No. 101, *Compensated Absences*, the School has evaluated its policies and historical data regarding compensated absences to determine the appropriate recognition of a liability. As a result of this assessment, the School recognized a liability of \$170,795 as of June 30, 2025, for compensated absences that are expected to be used or paid in the future.

R. Fund Balance

In the fund financial statements, governmental funds report various levels of spending constraints. These classifications are as follows:

- Non spendable – These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include prepaid items.
- Restricted – These are subject to externally enforceable legal restrictions established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.
- Committed – These are subject to internally imposed constraints. These constraints are established by Resolution of the School Board.
- Assigned – It consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the School's intended use. These constraints are established by the School Board and/or management.
- Unassigned – This is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balance (Continued)

The School Board has authorized the Executive Director and the Chair of the Budget and Finance Committee to jointly assign fund balances and its intended uses. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, it is the School's policy to use committed first, then assigned.

S. Risk Management

The School is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the School's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

T. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the School-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balance of any debt used to build or acquire the capital assets. Net position is reported as restricted in the School-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

U. Interfund Activity

From time to time, the School may have interfund activity in the normal course of operations. This activity is eliminated in government wide financial statements when consolidated. The effects of interfund activities have been removed from Government-wide financial statements.

V. Student Activities

Extracurricular Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, school boards must control all extracurricular activities of the teachers and students. Therefore, any extracurricular student activity accounts are included in the School's General Fund.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

The School maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the School maintains deposits at financial institutions which are authorized by the School's Board.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

The School's and Building Company's combined carrying and bank balances of deposits at June 30, 2025 were \$5,849,250 and \$5,921,375, respectively. All deposits were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

Investments

The School may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rate "A" or better.
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Investments At June 30, 2025, the Building Company’s investment balances were as follows:

Investments Held by Trustee

| <u>Type</u> | <u>Total</u> | <u>Maturity Duration in Years</u> | <u>Rating</u> |
|-------------------------------------|--------------|---|---------------|
| First American Treasury Obligations | | | |
| Money Market Fund - Class D | \$ 3,366,905 | \$ 3,366,905 | Aaa-mf |

The School’s investments are held by an escrow agent in accordance with escrow agreements established with the sale of Revenue Bonds 2016A and 2016B and Revenue Bonds 2021A and 2021B.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. On June 30, 2025, the School had money market fund investments invested in the First American Treasury Obligations Fund in the amount of \$3,366,905 which is rated Aaa-mf by Moody’s Investors Service.

Concentration of Credit Risk

The School places no limit on the amount that the School may invest in any one issuer. The deposits and investments are presented in the financial statements as follows:

| | |
|---|-------------------------|
| Cash and Investments - Statement of Net Position | 5,849,250 |
| Cash and Investments Held with Fiscal Agent - Statement of Net Position | <u>3,366,905</u> |
| Total Cash and Investments | <u>9,216,155</u> |

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements The School uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The School follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the School has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

The School did not hold any investments measured at fair value as of June 30, 2025. The money market fund investments held by the Building Company’s escrow agent are valued at amortized cost.

NOTE 3 - CAPITAL ASSETS

Depreciation and Amortization expense was charged to functions of the School as follows:

| Governmental Activities | |
|---|--------------------------|
| Administration | \$ 59 |
| District Support Services | 16,777 |
| Regular Instruction | 5,178 |
| Special Education Instruction | 166 |
| Food Service | 710 |
| Sites and Buildings | 393,758 |
| Total Depreciation/Amortization Expense, Governmental Activities | <u>\$ 416,648</u> |

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2025 was as follows:

| | Balance July 1, 2024 | Increases | Decreases | Balance June 30, 2025 |
|---|---------------------------------|------------------|------------------|----------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated | | | | |
| Building Company | | | | |
| Land | \$ 4,056,522 | \$ - | \$ - | \$ 4,056,522 |
| Capital Assets, Being Depreciated | | | | |
| Building Company : | | | | |
| Land Improvements | 661,437 | - | - | 661,437 |
| Building and Improvements | 13,882,459 | - | - | 13,882,459 |
| Furniture and Equipment | 21,708 | - | - | 21,708 |
| Construction Work In Progress | - | 316,525 | - | 316,525 |
| School : | | | | |
| Furniture and Equipment | 1,353,872 | 101,490 | - | 1,455,362 |
| Right-to -Use Assets : | | | | |
| Furniture and Equipment | 50,092 | - | - | 50,092 |
| Total Capital Assets, Being Depreciated | 15,969,568 | 418,015 | - | 16,387,583 |
| Accumulated Depreciation: | | | | |
| Building Company : | | | | |
| Land Improvements | (220,480) | (33,072) | - | (253,552) |
| Building and Improvements | (3,302,842) | (277,649) | - | (3,580,491) |
| Furniture and Equipment | (7,002) | (1,085) | - | (8,087) |
| School : | | | | |
| Furniture and Equipment | (689,493) | (94,824) | - | (784,317) |
| Right-to -Use Assets : | | | | |
| Furniture and Equipment | (10,855) | (10,018) | - | (20,873) |
| Total Accumulated Depreciation | (4,230,672) | (416,648) | - | (4,647,320) |
| Total Capital Assets, Being Depreciated, Net | 11,738,896 | 1,367 | - | 11,740,263 |
| Governmental Activities Capital Assets, Net | \$ 15,795,418 | \$ 1,367 | \$ - | \$ 15,796,785 |

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 4 - LONG-TERM DEBT

Changes in long-term liabilities (excluding net pension liability) are as follows:

| | Balance | | | Balance | Principal Due |
|---------------------------------|----------------------|-------------------|--------------------|----------------------|------------------------|
| | July 1, 2024 | Additions | Retirements | June 30, 2025 | Within One Year |
| Series 2016 Lease Revenue Bonds | \$ 16,780,000 | \$ - | \$ 55,000 | \$ 16,725,000 | \$ 55,000 |
| Series 2021 Lease Revenue Bonds | 4,100,000 | - | 440,000 | 3,660,000 | 455,000 |
| Premium on Bonds Payable | 127,640 | - | 25,825 | 101,815 | 24,077 |
| Discount on Bonds Payable | (178,688) | - | (10,783) | (167,905) | (10,752) |
| Lease Payable | 41,643 | - | 8,441 | 33,202 | 9,799 |
| Compensated Absences Payable | - | 170,795 | - | 170,795 | - |
| | \$ 20,870,595 | \$ 170,795 | \$ 518,483 | \$ 20,522,907 | \$ 533,124 |

In October 2016, the Building Company entered into an agreement for a \$17,060,000 loan from the Housing and Redevelopment Authority (HRA) of the City of Saint Paul to advance refund \$10,365,000 of the 2011A Charter School Lease Revenue Bonds and finance the acquisition of two parcels of land adjacent to the School and the construction and equipping of capital improvements to the land and original schoolhouse. The loan is secured by a mortgage on the related land, building, and building contents, as well as the assignment of future lease revenue. The loan represents the proceeds of two lease revenue bond issues sold by the HRA. The first issue is \$16,830,000 of Charter School Lease Revenue Bonds, Series 2016A, which bear interest ranging from 3.5% to 4.125% and have a final maturity of September 1, 2047.

The portion of the 2016 Charter School Lease Revenue Bonds that advance refunded and defeased \$10,365,000 of the 2011A Charter School Lease Revenue Bonds resulted in an increase in future interest payments of \$522,704 and a net present value savings of \$659,857.

The second issue is the \$230,000 of Taxable Charter School Lease Revenue Bonds, Series 2016B, which bear an interest rate of 4.75% and have a final maturity of September 1, 2022. Through the terms of the agreement, the Building Company assumes all responsibility for the bonds issued by the HRA and must make loan payments sufficient to meet the scheduled semiannual debt service payments to retire the bonds.

In August 2021, the Building Company entered into an agreement for a \$4,930,000 loan from the Housing and Redevelopment Authority (HRA) of the City of Saint Paul to currently refund \$5,130,000 of the 2011A Charter School Lease Revenue Bonds. The loan is secured by a mortgage on the related land, building, and building contents, as well as the assignment of future lease revenue. The loan represents the proceeds of two lease revenue bond issues sold by the HRA. The first issue is \$4,735,000 of Charter School Lease Revenue Bonds, Series 2021A, which bear interest ranging from 2.0% to 4.0% and have a final maturity of September 1, 2031. The 2021 Charter School Lease Revenue Bonds refunded and defeased \$5,130,000 of the 2011A Charter School Lease Revenue Bonds, which resulted in a decrease in future interest payments of \$738,383 and a net present value savings of \$675,353.

**NOVA CLASSICAL ACADEMY
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NOTE 4 - LONG-TERM DEBT (CONTINUED)

The second issue is the \$195,000 of Taxable Charter School Lease Revenue Bonds, Series 2021B, which bear an interest rate of 3.00% and have a final maturity of September 1, 2022. Through the terms of the agreement, the Building Company assumes all responsibility for the bonds issued by the HRA and must make loan payments sufficient to meet the scheduled semiannual debt service payments to retire the bonds. The School, in turn, entered into an operating lease agreement to rent the school site from the Building Company. The lease term covers a 35-year period ending June 30, 2051 and requires the School to make monthly base lease payments ranging from \$121,538 to \$128,014, plus operating expenses. The School's base lease payments are closely tied to the loan payments the Building Company is required to make on the loan from the HRA. Following are the maturities of long-term debt for the Nova Classical Academy Building Company for each of the next five years and thereafter ending June 30:

| Year ending June 30, | Principal | Interest | Total |
|---------------------------------|-------------------|-------------------|-------------------|
| 2026 | 510,000 | 811,556 | 1,321,556 |
| 2027 | 535,000 | 800,531 | 1,335,531 |
| 2028 | 550,000 | 788,931 | 1,338,931 |
| 2029 | 580,000 | 766,931 | 1,346,931 |
| 2030 | 610,000 | 743,731 | 1,353,731 |
| 2031-2035 | 3,630,000 | 3,323,055 | 6,953,055 |
| 2036-2040 | 4,530,000 | 2,519,218 | 7,049,218 |
| 2041-2045 | 5,535,000 | 1,508,924 | 7,043,924 |
| 2046-2048 | 3,905,000 | 326,492 | 4,231,492 |
| Total | 20,385,000 | 11,589,369 | 31,974,369 |

NOTE 5 - LEASES

Nova Classical Academy leases copiers under a long-term, noncancelable lease agreement. The lease expires on June 18, 2028, and carries an interest rate of 15.080%. Total future minimum lease payments under the lease agreement are as follows:

| Year ending June 30, | Principal | Interest | Total |
|---------------------------------|------------------|-----------------|------------------|
| 2026 | \$ 9,799 | \$ 4,328 | \$ 14,127 |
| 2027 | 11,375 | 2,751 | 14,126 |
| 2028 | 12,028 | 921 | 12,949 |
| Total | \$ 33,202 | \$ 8,000 | \$ 41,202 |

The right-to-use lease assets and the related accumulated amortization are detailed in Note 3.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS

Substantially all employees of the School are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

Teachers Retirement Association

A. Plan Description

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary school, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage within one year of eligible employment or elect coverage through the Defined Contribution Retirement Plan (DCR) administered by Minnesota State. A teacher employed by Minnesota State and electing DCR plan is not a member of TRA except for purposes of social security coverage.

B. Benefits Provided

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any consecutive 60 months of formula service, age and years of formula service credit at termination of service. TRA members belong to either the Basic or Coordinated Plan.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier I Benefits

| Tier 1 | Step Rate Formula | Percentage |
|---------------|---|-------------------|
| Basic | First ten years of service | 2.2% per year |
| | All years after | 2.7% per year |
| Coordinated | First ten years if service years are up to July 1, 2006 | 1.2% per year |
| | First ten years if service years are July 1, 2006 or after | 1.4% per year |
| | All other years of service if service years are up to July 1, 2006 | 1.7% per year |
| | All other years of service if service years are July 1, 2006 or after | 1.9% per year |

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers Retirement Association (Continued)

B. Benefits Provided (Continued)

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

Tier II Benefits

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66. After July 1, 2024, the age will change to not to exceed 65. An early retirement reduction is applied to members retiring before age 66, but will be age 65 after July 1, 2024. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

Six different types of annuities are available to members upon retirement. The No Refund Plan is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

C. Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The School's contributions to TRA for the plan's fiscal year ended June 30, 2025 were \$485,470. The School's contributions were equal to the required contributions for each year as set by state statute

**NOVA CLASSICAL ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

| Key Methods and Assumptions Used in Valuation of Total Pension Liability | |
|---|--|
| Actuarial Information | |
| Experience studies | August 2, 2023 (demographic and economic assumptions) * |
| Actuarial cost method | Entry Age Normal |
| Actuarial assumptions: | |
| Investment Rate of Return | 7% |
| Price Inflation | 2.5% |
| Wage growth rate | 2.85% before July 1, 2028 and 3.25% after June 30, 2028 |
| Projected salary increase | 2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028 |
| Cost of Living Adjustments | 1% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually. |
| Mortality assumptions | |
| Pre-retirement: | PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale. |
| Healthy Retirees: | PubT-2010 (A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale. |
| Beneficiaries: | Pub-2010 (A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale. |
| Disabled Retirees: | PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale. |

**The assumptions prescribed are based on the experience study dated August 2, 2023. For GASB 67 purposes, the long-term rate of return assumptions is selected by TRA management in consultation with actuary.*

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return (Geometric Mean)</u> |
|----------------------|--------------------------|--|
| Domestic Equity | 33.5% | 5.10% |
| International Equity | 16.5% | 5.30% |
| Fixed Income | 25% | 0.75% |
| Private Markets | 25% | 5.90% |
| Total | <u>100.00%</u> | |

Changes in actuarial assumptions since the 2023 valuation:

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 7%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

F. Net Pension Liability

On June 30, 2025, the School reported a liability of \$5,331,275 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The School's proportion of the net pension liability was based on the School's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. School's proportionate share was 0.0839% at the end of the measurement period and 0.0715% for the beginning of the year.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the district as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the district were as follows:

| Description | Amount |
|---|---------------------|
| School's proportionate share of the TRA net pension liability | \$ 5,331,275 |
| State's proportionate share of the net pension liability associated with the school | 348,543 |
| Total | \$ 5,679,818 |

For the year ended June 30, 2025, the School recognized pension expense of \$662,625. It also recognized \$4,264 as a decrease to pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$176 million to the Fund. The State of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The School recognized \$147,804 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Fund.

**NOVA CLASSICAL ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers Retirement Association (Continued)

F. Net Pension Liability (Continued)

At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual economic experience | \$ 254,162 | \$ 69,089 |
| Changes in actuarial assumptions | 537,659 | 635,769 |
| Net difference between projected and actual earnings on Plan Investments | - | 754,575 |
| Changes in Proportion | 1,088,355 | 393,499 |
| School's Contributions Subsequent to the Measurement Date | 485,470 | - |
| Total | \$ 2,365,646 | \$ 1,852,932 |

The \$485,470 reported as deferred outflows of resources related to pensions resulting from School Contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

| Year Ending June, 30 | Pension Expense Amount |
|---------------------------------|-----------------------------------|
| 2026 | \$ (330,359) |
| 2027 | 643,080 |
| 2028 | (158,280) |
| 2029 | (195,240) |
| 2030 | \$ 68,043 |

G. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate.

**NOVA CLASSICAL ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers Retirement Association (Continued)

G. Pension Liability Sensitivity (Continued)

| | 1% Decrease in Discount Rate | Current Discount Rate | 1% Increase in Discount Rate |
|--|---|----------------------------------|---|
| TRA Discount Rate | 6.00% | 7.00% | 8.00% |
| School's proportionate share of the TRA Net Pension Liability | \$ 9,388,688 | \$ 5,331,275 | \$ 1,991,929 |

H. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at <https://minnesotatra.org>, by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

General Employees Retirement Plan

A. Plan Descriptions

The school participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

Membership in the General Plan includes employees of counties, cities, townships, schools in noncertified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit. General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members.

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CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

B. Benefits Provided (Continued)

Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

C. Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the School was required to contribute 7.50 percent for General Plan members. The School's contributions to the General Employees Fund for the year ended June 30, 2025, were \$156,497. The School's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At June 30, 2025, the School reported a liability of \$802,291 for its proportionate share of the General Employees Fund's net pension liability. The School's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the School totaled \$20,746.

**NOVA CLASSICAL ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

D. Pension Costs (Continued)

| Description | Amount |
|--|-------------------|
| School's proportionate share of the GERF net pension liability | \$ 802,291 |
| State of Minnesota's proportionate share of the net pension liability associated with the school | 20,746 |
| Total | \$ 823,037 |

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The School's proportionate share was 0.0217% at the end of the measurement period and 0.0199% for the beginning of the period. For the year ended June 30, 2025, the school recognized pension expense of \$97,572 for its proportionate share of the General Employees Plan's pension expense. In addition, the school recognized \$556 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The School recognized \$36,913 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund. At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ 75,436 | \$ - |
| Changes in actuarial assumptions | 3,917 | 303,654 |
| Net difference between projected and actual investment earnings | - | 232,979 |
| Changes in Proportion | 148,327 | 18,071 |
| Contributions paid to GERF subsequent to the measurement date | 156,497 | - |
| Total | \$ 384,177 | \$ 554,704 |

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

D. Pension Costs (Continued)

The \$156,497 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Pension Expense Amount</u> |
|---------------------------------|-----------------------------------|
| 2026 | \$ (211,908) |
| 2027 | 16,374 |
| 2028 | (69,999) |
| 2029 | \$ (61,491) |

E. Discount rate

The discount rate used to measure the total pension liability in 2024 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Plan were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Domestic Equity | 33.5% | 5.10% |
| International Equity | 16.5% | 5.30% |
| Fixed Income | 25% | 0.75% |
| Private Markets | 25% | 5.90% |
| Total | 100.00% | |

**NOVA CLASSICAL ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

G. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

H. Pension Liability Sensitivity

The following presents the School's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

| | 1% Decrease in Discount Rate | Current Discount Rate | 1% Increase in Discount Rate |
|---|---|----------------------------------|---|
| GERF Discount Rate | 6.00% | 7.00% | 8.00% |
| School's proportionate share of the GERF Net Pension liability | \$ 1,752,333 | \$ 802,291 | \$ 20,795 |

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 7 - INTERFUND BALANCES AND OPERATING TRANSFERS

The School had the following interfund receivable and payable at June 30, 2025:

| | Due from Other Funds | Due to Other Funds |
|-----------------------|---------------------------------|-------------------------------|
| General Fund | \$ 287,096 | \$ - |
| Special Revenue Fund: | | |
| Food Service Fund | - | 42,274 |
| Building Company | - | 244,822 |
| Total | \$ 287,096 | \$ 287,096 |

Food Service Fund owes the General Fund \$42,274 and the Building Company owes the General Fund \$244,822.

| | Transfers In | Transfers Out |
|-----------------------|---------------------|----------------------|
| General Fund | \$ - | \$ 87,038 |
| Special Revenue Fund: | | |
| Food Service Fund | 87,038 | - |
| Total | \$ 87,038 | \$ 87,038 |

The transfers between the General Fund and Food Service Fund are to cover operating losses of the Food Service Fund.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 8 - STEWARDSHIP AND ACCOUNTABILITY

Expenditures exceeded the budgeted amount in the following funds in fiscal year 2025:

| | Budget | Expenditures | Excess |
|------------------------|---------------|---------------------|---------------|
| General Fund | \$ 14,474,803 | \$ 14,502,990 | \$ 28,187 |
| Special Revenue Funds: | | | |
| Food Service Fund | \$ 631,700 | \$ 743,708 | \$ 112,008 |

Management and the School board considers these overages to be necessary to the operations of the School.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

B. Pledged State Revenues

The School has pledged all funds, monies, grants, or other distributions received by the School from the state of Minnesota with respect to general student funding, state building lease aid payments, state distributions of Federal Title I funds, or any other funding sources, net of operating expenses of the School required under state or federal laws to provide required educational program expenditures, for the repayment of the \$17,060,000 2016 lease revenue bonds issued by the Building Company in October of 2016 as well as the \$4,930,000 2021 lease revenue bonds issued by the Building Company in August of 2021. The Company used proceeds of the Series 2016 Bonds to: (i) advance refund the Issuer's \$10,365,000 Charter School Lease Revenue Bonds maturing on September 1, 2042 (the Refunded Series 2011 Bonds), the proceeds of which were used to finance the acquisition, construction, and equipping by the Company of approximately 2.03 acres of land and constructing the current charter school facility located at 1455 Victoria Way in the City of Saint Paul, Minnesota (the City) (the 2011 Project); (ii) finance the acquisition of two parcels of land bounded by Madson Street, Mercer Way and Kay Avenue in the City and the construction and equipping of improvements to the land and to the Schoolhouse (the "2016 Project," and together with the 2011 Project, the Schoolhouse); (iii) make a deposit to increase the amount for the Reserve Fund to the Reserve Fund Requirement for the Non-Refunded Series 2011 Bonds and the Series 2016 Bonds, and (iv) pay the costs of issuance of the Series 2016 Bonds. The bonds are payable solely from lease revenues paid by the School to the Building Company revenues and are payable through September 1, 2047.

The total principal and interest remaining to be paid on the bonds is \$31,974,369. Principal and interest paid for the current year and total net rent revenues were \$1,311,919 and \$1,607,168, respectively.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Lease Commitments and Terms

In October 2011, the School entered into a lease agreement with the Friends of Nova Classical Academy to lease the educational site at 1455 Victoria Way, St. Paul, Minnesota. This lease was revised in August of 2021 when the 2021 bonds were issued. The amended agreement is for a 35-year period commencing August 1, 2016 through June 30, 2051. The extended lease calls for monthly payments over the 35-year period and includes 10 options for the School to extend the lease, each extension option for a period of five years.

The net annual base rent for the term of the lease agreement is tied closely to the debt service requirements of the Friends of Nova Classical Academy, including amounts held in escrow as part of the respective loan agreements. In addition, the School is responsible for all interior and exterior repair and maintenance costs as well as all utility costs. The School is funding 2% of monthly lease payments to a repair and replacement escrow account for this purpose. Total future minimum lease payments are scheduled as follows:

| Year ending June 30, | Scheduled Lease Payments |
|---------------------------------|-------------------------------------|
| 2026 | 1,531,202 |
| 2027 | 1,529,427 |
| 2028 | 1,529,644 |
| 2029 | 1,528,419 |
| 2030 | 1,529,183 |
| 2031-2035 | 7,625,202 |
| 2036-2040 | 7,600,772 |
| 2041-2045 | 7,537,330 |
| 2046-2048 | 3,244,929 |
| Total | <u>33,656,108</u> |

The School's ability to make payments under these lease agreements is dependent on its revenues which are in turn, largely dependent on sufficient enrollments being served at the School and on sufficient state aids per student being authorized and received from the state of Minnesota. The School believes that its enrollments and aid entitlements will be sufficient to meet the lease obligations as they become due. The total amount of rent paid by the School under the terms of the lease agreements for fiscal 2025 was \$1,607,168.

NOTE 10 – SUBSEQUENT EVENTS

For the year ended June 30, 2025, the School has evaluated all subsequent events through November 21, 2025, which is the date the financial statements were available to be issued, and concluded no additional subsequent events have occurred that would require recognition or disclosure in these financial statements that have not already been accounted for.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
GERF PLAN SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025
LAST TEN MEASUREMENT DATES**

| Measurement Date June 30, | School's Proportion of the Net Pension Liability | School's Proportionate Share of the Net Pension Liability | State's Proportionate Share of the Net Pension Liability Associated with School | Total | School's Covered Payroll | School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------------|--|---|---|------------|--------------------------------|---|--|
| 2015 | 0.0132% | \$ 684,093 | \$ - | \$ 684,093 | \$ 117,440 | 582.50% | 78.19% |
| 2016 | 0.0145% | 1,177,328 | 15,387 | 1,192,715 | 907,573 | 129.72% | 68.91% |
| 2017 | 0.0171% | 1,091,653 | 13,748 | 1,105,401 | 1,109,080 | 98.43% | 75.90% |
| 2018 | 0.0192% | 1,065,137 | 34,886 | 1,100,023 | 1,290,520 | 82.54% | 79.53% |
| 2019 | 0.0212% | 1,172,101 | 36,498 | 1,208,599 | 1,497,307 | 78.28% | 80.23% |
| 2020 | 0.0201% | 1,205,087 | 37,125 | 1,242,212 | 1,429,253 | 84.32% | 79.06% |
| 2021 | 0.0191% | 815,656 | 24,930 | 840,586 | 1,393,253 | 58.54% | 87.00% |
| 2022 | 0.0178% | 1,409,766 | 41,281 | 1,451,047 | 1,259,680 | 111.91% | 76.67% |
| 2023 | 0.0199% | 1,112,786 | 30,753 | 1,143,539 | 1,623,973 | 68.52% | 83.10% |
| 2024 | 0.0217% | \$ 802,291 | \$ 20,746 | \$ 823,037 | \$ 1,968,373 | 40.76% | 89.08% |

See notes to required supplementary information

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
GERF PLAN SCHEDULE OF SCHOOL'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025
LAST TEN FISCAL YEARS**

| Fiscal Year Ended June 30, | Statutorily Required Contributions | Contributions in Relation to the Statutorily Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|--|---|----------------------------|---|
| 2016 | \$ 68,068 | \$ 68,068 | \$ - | \$ 907,573 | 7.50% |
| 2017 | 83,181 | 83,181 | - | 1,109,080 | 7.50% |
| 2018 | 96,789 | 96,789 | - | 1,290,520 | 7.50% |
| 2019 | 112,298 | 112,298 | - | 1,497,307 | 7.50% |
| 2020 | 107,194 | 107,194 | - | 1,429,253 | 7.50% |
| 2021 | 104,494 | 104,494 | - | 1,393,253 | 7.50% |
| 2022 | 94,476 | 94,476 | - | 1,259,680 | 7.50% |
| 2023 | 121,798 | 121,798 | - | 1,623,973 | 7.50% |
| 2024 | 147,628 | 147,628 | - | 1,968,373 | 7.50% |
| 2025 | \$ 156,497 | \$ 156,497 | \$ - | \$ 2,086,627 | 7.50% |

See notes to required supplementary information

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
TRA PLAN SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025
LAST TEN MEASUREMENT DATES**

| Measurement Date June 30, | School's Proportion of the Net Pension Liability | School's Proportionate Share of the Net Pension Liability | State's Proportionate Share of the Net Pension Liability Associated with School | Total | School's Covered Payroll | School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------------|--|---|---|--------------|--------------------------------|---|--|
| 2015 | 0.0662% | \$ 4,095,125 | \$ 502,171 | \$ 4,597,296 | \$ 3,296,773 | 124.22% | 76.77% |
| 2016 | 0.0669% | 15,957,246 | 1,601,364 | 17,558,610 | 3,479,573 | 458.60% | 44.88% |
| 2017 | 0.0677% | 13,514,148 | 1,305,589 | 14,819,737 | 3,696,640 | 365.58% | 51.57% |
| 2018 | 0.0676% | 4,245,913 | 399,178 | 4,645,091 | 3,851,493 | 110.24% | 78.07% |
| 2019 | 0.0802% | 5,111,965 | 452,407 | 5,564,372 | 4,060,700 | 125.89% | 78.21% |
| 2020 | 0.0709% | 5,238,187 | 438,737 | 5,676,924 | 4,096,856 | 127.86% | 75.48% |
| 2021 | 0.0669% | 2,927,744 | 246,779 | 3,174,523 | 4,337,872 | 67.49% | 86.63% |
| 2022 | 0.0732% | 5,861,469 | 434,680 | 6,296,149 | 4,292,554 | 136.55% | 76.17% |
| 2023 | 0.0715% | 5,903,200 | 413,511 | 6,316,711 | 4,707,170 | 125.41% | 76.42% |
| 2024 | 0.0839% | \$ 5,331,275 | \$ 348,543 | \$ 5,679,818 | \$ 5,874,137 | 90.76% | 82.07% |

See notes to required supplementary information

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
TRA PLAN SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025
LAST TEN FISCAL YEARS**

| Fiscal Year Ended June 30, | Statutorily Required Contributions | Contributions in Relation to the Statutorily Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|--|---|----------------------------|---|
| 2016 | \$ 260,968 | \$ 260,968 | \$ - | \$ 3,479,573 | 7.50% |
| 2017 | 277,248 | 277,248 | - | 3,696,640 | 7.50% |
| 2018 | 288,862 | 288,862 | - | 3,851,493 | 7.50% |
| 2019 | 313,080 | 313,080 | - | 4,060,700 | 7.71% |
| 2020 | 324,471 | 324,471 | - | 4,096,856 | 7.92% |
| 2021 | 352,669 | 352,669 | - | 4,337,872 | 8.13% |
| 2022 | 357,999 | 357,999 | - | 4,292,554 | 8.34% |
| 2023 | 402,463 | 402,463 | - | 4,707,170 | 8.55% |
| 2024 | 513,987 | 513,987 | - | 5,874,137 | 8.75% |
| 2025 | \$ 485,470 | 485,470 | \$ - | \$ 5,548,229 | 8.75% |

See notes to required supplementary information

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the years ended June 30:

2024 Changes

Changes in Actuarial Assumptions

The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023):

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2020 Changes (Continued)

- The assumed number of married male new retirees electing the 100 percent Joint & Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0 percent for the period July 1, 2020, through December 31, 2023, and 0.0 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1 percent per year through 2044 and 2.5 percent per year thereafter to 1.25 percent per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4 percent to 3 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost-of Living Adjustment, not less than 1 percent and not more than 1.5 percent, beginning January 1, 2019.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2018 Changes (Continued)

- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA load are now 0 percent for active member liability, 15 percent for vested deferred member liability, and 3 percent for non-vested deferred member liability.
- The assumed annual increase rate was changed for 1 percent per year for all years to 1 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018 and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1 percent per year through 2035 and 2.50 percent per year thereafter to 1 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2015 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1 percent per year through 2030 and 2.5 percent per year thereafter to 1 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

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**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the years ended June 30:

2024 Changes

Changes in Actuarial Assumptions

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family of tables.
- Retirement rates were increased for some of the tier 2 early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first ten years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes in Plan Provisions

- The 2024 Omnibus Pensions and Retirement Bill (HF 5040/SF 4643) lowered the normal retirement age for Tier 2 members from 66 to 65 effective July 1, 2024 and provided for a one-time State appropriation of \$28.46 million to cover the cost.
- HF 3100, appropriated \$176,166,838 to TRA, payable on October 1, 2023:
 - \$28,735,816 for the difference between the statutory 1.1% compounded COLA payable on January 1, 2024 and a one-time 2.5% lump-sum COLA for coordinated plan members;
 - \$2,384,222 for the difference between the statutory 1.1% compounded COLA payable on January 1, 2024 and a one-time 4.0% lump-sum COLA for basic plan members; and
 - \$145,046,800 to pay down the unfunded actuarial accrued liability.

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.50% to 7.00%. This does not affect the GASB valuation which was already using the 7.00% assumption.

Changes in Plan Provisions

The 2023 Tax Finance and Policy Bill contained a number of changes:

- Effective July 1, 2025, the normal retirement age for Tier 2 members will decrease from 66 to 65.
- The employer contribution rate will increase from 8.75% to 9.50% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8.00% on July 1, 2025.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2022 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumption

- The investment return assumption was changed from 7.50% to 7.00%

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2018 Changes (Continued)

- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 5 years, (7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes

Changes in Actuarial Assumptions

- The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment was made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2017 Changes (Continued)

For GASB valuation:

- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation

2016 Changes

Changes in Actuarial Assumptions

- The cost-of-living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years, and female rates set back five years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 while collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2016 Changes (Continued)

- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.

For GASB valuation:

- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

2014 Changes

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

For GASB valuation:

- The Cost of Living Adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2034

Changes in Plan Provisions

- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

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SUPPLEMENTARY INFORMATION

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
UNIFORM FINANCIAL ACCOUNTING AND
REPORTING STANDARDS COMPLIANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2025**

| | AUDIT | UFARS | Difference |
|--|---------------|---------------|------------|
| 01 GENERAL FUND | | | |
| Total Revenue | \$ 14,918,080 | \$ 14,702,406 | \$ 215,674 |
| Total Expenditures | 14,502,990 | 14,403,405 | 99,585 |
| <i>Non Spendable:</i> | | | |
| 460 Non Spendable Fund Balance | 114,731 | 102,825 | 11,906 |
| <i>Restricted / Reserved:</i> | | | |
| 401 Student Activities | - | - | - |
| 402 Scholarships | - | - | - |
| 403 Staff Development | - | - | - |
| 407 Capital Projects Levy | - | - | - |
| 408 Cooperative Revenue | - | - | - |
| 412 Literacy Incentive Aid | - | - | - |
| 414 Operating Debt | - | - | - |
| 416 Levy Reduction | - | - | - |
| 417 Taconite Building Maint | - | - | - |
| 420 American Indian Ed Aid | - | - | - |
| 424 Operating Capital | - | - | - |
| 426 \$25 Taconite | - | - | - |
| 427 Disabled Accessibility | - | - | - |
| 428 Learning & Development | - | - | - |
| 434 Area Learning Center | - | - | - |
| 435 Contracted Alt Programs | - | - | - |
| 436 State Approved Alt Program | - | - | - |
| 437 Q Comp | - | - | - |
| 438 Gifted & Talented | - | - | - |
| 440 Teacher Development and Evaluation | - | - | - |
| 441 Basic Skills Programs | - | - | - |
| 448 Achievement and Integration | - | - | - |
| 449 Safe Schools Levy | - | - | - |
| 451 QZAB Payments | - | - | - |
| 452 OPEB Liab Not In Trust | - | - | - |
| 453 Unfunded Sev & Retiremt Levy | - | - | - |
| 459 Basic Skills Extended Time | - | - | - |
| 456 Literacy Aid | - | - | - |
| 467 LTFM | - | - | - |
| 471 Student Support Personnel | - | - | - |
| 472 Medical Assistance | - | - | - |
| <i>Restricted:</i> | | | |
| 464 Restricted Fund Balance | - | - | - |
| 475 Title VII Impact Aid | - | - | - |
| 476 Payments in Lieu of Taxes | - | - | - |
| <i>Committed:</i> | | | |
| 418 Committed for Separation | - | - | - |
| 461 Committed Fund Balance | - | - | - |
| <i>Assigned:</i> | | | |
| 462 Assigned Fund Balance | - | - | - |
| <i>Unassigned:</i> | | | |
| 422 Unassigned Fund Balance | \$ 6,893,966 | \$ 6,764,012 | \$ 129,954 |

**NOVA CLASSICAL ACADEMY
CHARTER SCHOOL NO. 4098
UNIFORM FINANCIAL ACCOUNTING AND
REPORTING STANDARDS COMPLIANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2025**

| | <u>AUDIT</u> | <u>UFARS</u> | <u>Difference</u> |
|--|--------------|--------------|-------------------|
| <u>02 FOOD SERVICES</u> | | | |
| Total Revenue | \$ 656,560 | \$ 621,992 | \$ 34,568 |
| Total Expenditures | 743,708 | 734,937 | 8,771 |
| <i>Non Spendable:</i> | | | |
| 460 Non Spendable Fund Balance | - | - | - |
| <i>Restricted / Reserved:</i> | | | |
| 452 OPEB Liab Not In Trust | - | - | - |
| <i>Restricted:</i> | | | |
| 464 Restricted Fund Balance | - | (28) | 28 |
| <i>Unassigned:</i> | | | |
| 463 Unassigned Fund Balance | - | - | - |
| <u>04 COMMUNITY SERVICE</u> | | | |
| Total Revenue | 201,691 | 187,711 | 13,980 |
| Total Expenditures | 106,791 | 44,787 | 62,004 |
| <i>Non Spendable:</i> | | | |
| 460 Non Spendable Fund Balance | - | - | - |
| <i>Restricted / Reserved:</i> | | | |
| 426 \$25 Taconite | - | - | - |
| 431 Community Education | - | - | - |
| 432 ECFE | - | - | - |
| 440 Teacher Development and Evaluation | - | - | - |
| 444 School Readiness | - | - | - |
| 447 Adult Basic Education | - | - | - |
| 452 OPEB Liab Not In Trust | - | - | - |
| 456 Literacy Aid | - | - | - |
| 457 Teacher Comp Read Act | - | - | - |
| <i>Restricted:</i> | | | |
| 464 Restricted Fund Balance | 433,980 | 482,004 | (48,024) |
| <i>Unassigned:</i> | | | |
| 463 Unassigned Fund Balance | \$ - | \$ - | \$ - |

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OTHER REQUIRED REPORTS



Thomas & Company, CPA, PA
Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Nova Classical Academy
Charter School No. 4098
St. Paul, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Nova Classical Academy, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Nova Classical Academy's basic financial statements, and have issued our report thereon date November 21, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nova Classical Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nova Classical Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Nova Classical Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Member: American Institute of Certified Accountants & Florida State Board of Accountancy

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nova Classical Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Sojourner Truth Academy failed to comply with the provisions of the charter schools and uniform financial accounting and reporting standards for Minnesota school districts and charter schools sections of the *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the charter school's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Nova Classical Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nova Classical Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas & Company, CPA, PA
Cooper City, Florida
November 21, 2025



Thomas & Company, CPA, PA
Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Directors
Nova Classical Academy
Charter School No. 4098
St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Nova Classical Academy as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Nova Classical Academy's basic financial statements, and have issued our report thereon dated November 21, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that Nova Classical Academy failed to comply with the provisions of the charter schools and uniform financial accounting and reporting standards for Minnesota school districts and charter schools sections of the *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Nova Classical Academy's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas & Company, CPA, PA
Cooper City, Florida
November 21, 2025